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Death of redevelopment draws closer

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As California cities shut down their redevelopment agencies after losing a war for survival with the state, the battlefield assessment has begun. The casualties are extensive.

Layoff notices have gone out in advance of a Feb. 1 court-imposed dissolution deadline.

Projects big and small are in limbo or dead. National investment rating agencies Moody's and Fitch downgraded California bonds secured with redevelopment money, citing uncertainty about repayment.

Hundreds of redevelopment properties bought with taxpayer dollars could go on the market at a loss.

And a Bay Area News Group review of 29 redevelopment agencies in Alameda and Contra Costa counties reveals that the effect goes deeper still. For years, the redevelopment financing mechanism -- originally created to cure urban blight -- has permeated city and county operations.

The money built libraries, senior and community centers, roads, transit villages, shopping centers, o ffice buildings, plazas, fountains, landscaping, walkways, houses, apartments for the poor, parking garages and movie theaters.

It paid people who stripped graffiti off the walls in Oakland and deputies who patrolled North Richmond. It helped residents buy their first homes, prosecuted slum landlords and underwrote the farmers market and summer concerts in Concord.

But in the process, East Bay agencies accumulated combined debts of $12.2 billion, according to the most recent figures available.

That adds up to $4,740 for every man, woman and child in the East Bay.

Put another way: If every dollar the agencies received was applied to the debt -- at an annual rate based on the past fiscal year's revenues allocated to redevelopment -- repayment would take 30 years. Among other findings:

- Nearly 300 agency jobs are funded directly, in part or entirely, with redevelopment money, but the new law caps and eventually eliminates overhead costs that paid for those positions. Oakland tops the list with the equivalent of 159 full-time employees stretching over 11 departments, including 17 police officers. The city is scrambling to find a way to avoid layoffs.
- Hundreds of properties bought with redevelopment dollars may be sold to defray agencies' debts. In Bay Point, the Contra Costa Redevelopment Agency owns dozens of parcels earmarked for a transit village around the BART station. Those lots likely will go on the open market rather than be part of a coordinated development plan.
- Millions of dollars in loans or other arrangements between cities or counties and t heir agencies may be voided. Livermore, for example, loaned its redevelopment agency $23.7 million to buy land. Union City loaned its agency millions of dollars to help finance a transit village near its BART station. If the loans are terminated, cities may have to tap into their general purpose funds to cover the gap because they were counting on that loan repayment money as revenue.
- Many agencies voted early last year to

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transfer the titles or management of more than 400 properties to their host cities and counties, as a pre-emptive dissolution strike. The law invalidates the deals and restores the properties to the agencies' assets list, where they may be subject to liquidation.Amid all this angst and regret, redevelopment officials say the rules for dismantling set out in the new law are muddier than the Delta after a storm. "The lawmakers who wrote the dissolution law were unburdened with knowledge of how redevelopment actually works," Brent Hawkins, a Sacramento attorney who represents redevelopment agencies, wryly observed. "It's a mess."The dissolution law orders audits of the 425 agencies by the respective county's auditor-controller, the appointment of 425 separate oversight boards charged with ensuring that agencies wind down expeditiously, and assigns the state Department of Finance to make the final decisions. However, taxpayer money invested in half-finished infrastructure may go to waste if agencies cannot complete projects, said Jim Kennedy, California Redevelopment Association's interim executive director, who is also a retired Contra Costa redevelopment director.In Rodeo, for example, a sewer pipe upgrade is only partially completed; without redevelopment money, the county may not be able to finish it.Kennedy and redevelopment proponents are fiercely lobbying for a stay of execution.A bill to postpone the dissolution deadline to April 15 is pending in the Assembly, although Senate President Pro Tem Darrell Steinberg, D-Sacramento, said last week that its passage is unlikely. Another measure would allow local governments to keep the affordable housing money. Assemblywoman Susan Bonilla, D-Concord, whose hometown is using redevelopment money for planning at the former Concord Naval Weapons Station, is writing a bill that would restore some redevelopment benefits to communities with former military bases. Any bill needs Gov. Jerry Brown's signature, and he has signaled his disinterest. He was the chief driving force behind the dissolution, saying redevelopment diverted too many dollars from schools and other public services.Redevelopment critics agree with Brown, although not for the same reasons.Local governments have racked up massive debts for questionable anti-blight projects using liberal redevelopment rules that require no voter approval and provide little transparency, Contra Costa Costa Taxpayers Association Executive Director Kris Hunt said."People are talking about the end of redevelopment like it's a bad thing," she said. "This should have happened long ago."In smaller redevelopment agencies or those nearing expiration, such as Lafayette or Walnut Creek, dissolution is an inconvenient speed bump.For many communities, however, it will be messy and complicated.Union City's agency, for example, spent $50 million in redevelopment money buying land and building streets as part of a $120 million transit village near its BART station."The lots are ready, but the market has been slow in this economy," City Manager Mark Evanoff said. "If we have to sell the lots now, it will be a fire sale."

Numerous Bay Area News Group reporters contributed to this report. Contact Lisa Vorderbrueggen at 925-945-4773 or IBAbuzz.com/politics. Follow her at Twitter. com/lvorderbrueggen.REDEVELOPMENT BY THE NUMBERS

City/County Jobs funded Properties Total debts*
in part or transferred
entirely with to city
RDA money or county
Alameda County 6 10 $96.3 million

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Alameda 3 0 $302.3 million
Albany 0.3 0 $3.9 million
Berkeley 1.58 0 $8 million
Emeryville NA 44 $255.1 million
Fremont NA NA $237.4 million
Hayward 8 0 $129.3 million
Livermore 1.25 29 $112.3 million
Newark NA 0 $227,270
Oakland 159 NA $4.3 billion
San Leandro 9.1 23 $103.6 million
Union City 16.12 9 $886.5 million
Contra Costa County 9 2 $723.2 million
Antioch 7 25 $140 million
Brentwood 2 9 $310.2 million
Clayton 0 0 $26.9 million
Concord 11 37 $267.1 million
Danville 0 0 $40.7 million
El Cerrito 3 1 $174.5 million
Hercules NA 4 $314.6 million
Lafayette 0 1 $94.7 million
Oakley NA Numerous $508.9 million
Pinole 5 25 $84.9 million
Pittsburg 5 149 $890.1 million
Pleasant Hill 11 5 $658.2 million
Richmond 17 30 $574.4 million
San Pablo 0 NA $244.9 million
San Ramon 6 0 $683.2 million
Walnut Creek 2 2 $15.5 million
TOTALS 282.35 405 $12.2 billion
NA -- Not available, unprovided or undetermined by agency
* Per statements of indebtedness each agency filed with the county or state for the most recent year available. The final debt numbers may differ after dissolution oversight boards determine which loans and other financial obligations will be paid.